



NORTH CAROLINA APPRAISAL BOARD

APPRAISER REPORT

Volume 16

August 2006

Number 2

Board Elects Officers

Earl M. Worsley, Jr. of Wilmington has been elected Chairman of the Appraisal Board for 2006-2007. Governor Michael F. Easley originally appointed Mr. Worsley to the Board in 2003. Mr. Worsley served as Vice-Chairman of the Appraisal Board for 2005-2006.

Mr. Worsley is a certified general appraiser and holds the professional designation of MAI from the Appraisal Institute. Mr. Worsley is a North Carolina real estate broker with the CRE designation and has been active in the National Association of Realtors through its local Board in Wilmington. He is a native of Pitt County and a graduate of East Carolina University. Mr. Worsley formed the Worsley Real Estate Company in 1995 to concentrate as an advisor and consultant in various real estate ventures. Mr. Worsley has many years of experience in real estate appraisal, brokerage and also in real estate investment and development. Mr. Worsley also formed Worsley Investment and Development, LLC and is very active in the investment and development of real estate in eastern North Carolina.

Mr. Worsley is married to Charlotte Wilson Worsley and they have one son, William Earl Worsley.

Henry E. Faircloth has been elected to Vice-Chairman of the Appraisal Board for 2006-2007. Mr. Faircloth was first appointed to the Board on July 1, 1991 and has served continuously on the Board to the current date. He led the Board as Chairman in the Board's first year as an autonomous agency in 1995-1996 and has served as Chairman on three additional occasions in 1998-1999, 2001-2002 and 2004-2005.

Mr. Faircloth is the Board's only public member, as required by state statute, and has been appointed to each term upon the recommendation of the President Pro Tempore of the North Carolina Senate. He has a great deal of real estate appraisal expertise by having served on the Board for this record-breaking term.

Mr. Faircloth is a building contractor with over thirty years of experience and owns a construction company, which specializes in commercial construction. He is on the Board of Trustees for Sampson Community College and is very active in both civic and community affairs. He and his wife, Faye, make their home in Salemburg. □

Governor Reappoints Board Members

Governor Michael F. Easley has reappointed Earl M. Worsley, Jr. and Larry N. Wright to three-year terms until June 30, 2009. This will be the second terms for both members with Mr. Worsley and Mr. Wright being originally appointed by Governor Easley in June 2003 to terms that expired in June 2006. Mr. Worsley is from Wilmington and Mr. Wright is from Candler. Both are certified general appraisers and Mr. Worsley holds the professional designation of MAI and Mr. Wright the SRA designation from the Appraisal Institute. □

New Board Building



The many years of planning, dedication of many Board and staff members and the wise use of funds have finally resulted in the Board having a new owner occupied building. The new building was occupied on June 26 and the first Board meeting in the new building was on July 18, 2006. This building was designed to serve the public and appraisers for many years

to come with room for expansion and is considered to be an outstanding asset for the State. You are invited to visit us anytime at our new location which is 5830 Six Forks Road, Raleigh, NC 27609. Our new phone number is 919-870-4854 and our new fax number is 919-870-4859. Our email remains the same at ncab@ncab.org. □

APPRAISERREPORT

Published as a service to appraisers to promote a better understanding of the Law, Rules and Regulations, and proficiency in ethical appraisal practice. The articles published herein shall not be reprinted or reproduced in any other publication, without specific reference being made to their original publication in the **North Carolina Appraisal Board Appraiserreport**.

NORTH CAROLINA APPRAISAL BOARD

5830 Six Forks Road
Raleigh, North Carolina 27609
Phone: 919/870-4854
Fax: 919/870-4859

Website:
www.ncappraisalboard.org

Email Address:
ncab@ncab.org

Michael F. Easley, Governor

APPRAISAL BOARD MEMBERS

Earl M. Worsley, Jr.
Chairman Wilmington
Henry E. Faircloth
Vice-Chairman Salemburg
Charles K. Hinnant Kenly
W. Tom Morgan Raleigh
E. Ossie Smith Oxford
J. Vance Thompson Elkin
Larry N. Wright Candler

STAFF

Philip W. Humphries, *Executive Director*
Roberta A. Ouellette, *Legal Counsel*
Donald T. Rodgers, *Deputy Director*
Thomas W. Lewis, III, *Investigator*
Jeffrey H. Davison, *Investigator*
Kim N. Giannattasio, *Administrative Assistant*
Paula Ford, *Appraiser Clerk*
Christy Henson, *Office Assistant*

APPRAISER COUNT

(As of August 1, 2006)

Trainees	857
Licensed Residential	345
Certified Residential	1730
Certified General	829
Total Number	3761

APPRAISER EXAMINATION RESULTS

November 2005 - June 2006

Examination	Total	Passed	Failed
Trainee	306	224	82
Licensed Residential	28	24	4
Certified Residential	93	62	31
Certified General	36	19	17

Examinations are administered by a national testing service. For information, please contact the North Carolina Appraisal Board in writing at 5830 Six Forks Road, Raleigh, NC 27609.

Appraising a building with an illegal addition

On occasion an appraiser will receive an assignment to appraise a property and then discovers that there is an upgrade or addition to the building for which a permit was never received. Often this is ascertained by finding a discrepancy between the tax card and physical inspection of the property. Or, the property owner may inform the appraiser of the upgrade.

The North Carolina Real Estate Commission takes the position that unless the upgrade is "legal," any additional footage as a result of the illegal addition cannot be listed in the GLA for the property on the MLS.

The North Carolina Appraisal Board takes the position that if the additional square footage still results in zoning compliance, the square footage may be used in the appraisal. A comment should be made on the appraisal report that it appeared that no building permit was received for the additional area. If the information regarding a building permit is readily available to the appraiser in the normal course of business, the appraiser must check the information. If not, the appraiser does not have the obligation to make sure that the property received proper permits. □

Appraisers are not pest control inspectors!

The North Carolina Structural Pest Control Act requires that any one who works in any phase of pest control must be licensed by the Structural Pest Control Division of the NC Department of Agriculture. This includes any one who identifies infestations and who inspects household structures or commercial buildings, as well as outside areas.

Appraisers are often asked to determine the presence of wood-destroying insects when they inspect a subject property. The only thing an appraiser can legally do without a pest control license is to call attention to potential wood-destroying insect problems in very general terms. An appraiser cannot say that the property has termites or other wood-destroying insects or that the property has been damaged by such insects.

When doing an inspection, if you observe the presence of wood destroying insects, or it appears that the property has had problems in the past and it has been remedied, the only thing you should note on your appraisal is that there appears to be some evidence of current or past insect activity on the property. You should state in the appraisal report that the property owner should have an inspection by a qualified individual to determine whether wood-destroying insects are present and whether they have caused damage. □

Land Home Packages Defined

Appraisers know that they cannot use a land/home package as a comparable sale. The question often received by Board staff is: How do I recognize a land/home package?

Some land/home package sales are simple to recognize. A check of the public records may indicate that the property transferred was only a lot, but the HUD-1 (settlement form) shows the sales price of both the land and the home. If public records indicate that only the land transferred, this is a land/home package sale and cannot be used as a comparable sale.

In other instances, what may look like a land/home package is actually a legitimate sale. In the past several years, more developers have been building subdivisions and advertising the properties on MLS as presales. The buyer goes to a sales office, selects a lot, and then selects from a limited number of the developer's floor plans to be built on the lot. There may be a limited list of custom features available that adds to the cost of the package. When the home is finished, both the lot and the house convey as one unit, which is reflected in the public records.

If, however, the buyer goes to a developer and buys a lot, then selects his own builder who builds a home customized to the buyer, this is not a legitimate sale to use as a comp. The key is that the combination of the lot and home has not been exposed to the market and negotiated between a willing buyer and seller.

There are some instances where real estate agents report a land/home package sale on MLS. There are some red flags that could indicate such a sale. Some agents will make a remark that the sale is for information purposes only and is not to be used as a comp. Other agents may state that the sale is for comp purposes only. The property may show that it was only on the market for one or two days. Even if the sale is reported on the

MLS, that does not always make it a legitimate, arm's length transaction. It is the appraiser's responsibility to verify the legitimacy of the sale.

Remember, Standards Rule 1-4 of USPAP requires that you collect, verify and analyze the data used in the report. For example, if you collect comparable sales information from MLS, you then verify the information by calling the listing or sales agent, the tax office, or another source. If there is any discrepancy between these two sources, you must continue to research the sale until you are confident that the information you will use in your analysis is correct. This is especially important if you receive verbal information or a HUD-1 that conflicts with public records.

You should also be careful to correctly identify both your data source and verification source, and to keep in your workfile a copy of the information relied upon for the appraisal. For example, if you use MLS as your data source and tax records as your verification source, you should have a copy of the MLS sheet and tax record in your file. Sometimes you may receive information orally, such as from the listing broker over the telephone. You should make a note for the file of your conversation, including the name and telephone number of the source of information and the date, as well as a summary of the information received. □

A deed must be recorded to be a valid transfer!

The Board has seen an increase in the number of false deeds that have been presented to appraisers. In many cases, these deeds are part of a flipping scheme where the middleman does not actually have title to the property. In a flipping scheme, the "flipper," or middleman, looks for a property to buy at a low cost. This could be through foreclosure or by checking MLS for distressed properties on the market. The middleman then finds a buyer for the property at an inflated price, and then prepares a deed for the original owner that appears to transfer the property to the middleman. The deed is not recorded. A contract is prepared between the middleman and the buyer at an inflated price. It is this contract that is presented to the appraiser to use in the appraisal process.

Since the first deed is not recorded, it has not actually transferred title to the property and public records will reflect that the original owner is still the owner of record. If you are given a copy of an unrecorded deed, the owner of record must be shown as the owner on the appraisal report. You should then make a comment in an addendum to your appraisal report informing the client of the unrecorded deed and the contract. As an appraiser, USPAP requires you to verify ownership of the subject property, as well as any transfers of the subject property within the three years prior to the effective date of the appraisal report. This means that if there is an unrecorded deed, you must attempt to discover the price paid or to be paid to the original buyer in the unrecorded deed. You must then report that sales price in your appraisal report in the addendum.

In a flip sale, the owner, client or buyer may tell you that the property is not listed for sale, and there may not be a "for Sale" sign on the property. In order to protect yourself and to comply with USPAP, you must check with your local multiple listing service to see if the property is actually listed for sale. If so, you must report this information in your appraisal report.

Remember, not all flip sales involve unscrupulous parties. As an appraiser, your job is to disclose the facts as you find them, not as someone reports them to you. □

Questions & Answers

The 2006 edition of the Uniform Standards of Professional Appraisal Practice becomes effective on July 1, 2006. To assist with this transition, the Appraisal Standards Board has created a document (available on The Appraisal Foundation website at www.appraisalfoundation.org) to answer some of the most common questions about the 2006 USPAP and Scope of Work. We have reprinted several of those questions and answers below.

2006 USPAP & Scope of Work

Question #1: What are the major changes in the 2006 USPAP related to the scope of work and departure concepts?

Response: The biggest changes are elimination of the DEPARTURE RULE and introduction of the SCOPE OF WORK RULE. The most visible change in appraisal practice is the discontinued use of the terms “Complete” and “Limited” to describe the appraisal process. There are numerous related changes, but these are the main focus.

Question #2: What is scope of work?

Response: In basic terms, the scope of work is the work an appraiser performs to develop assignment results. USPAP defines “scope of work” as the type and extent of research and analyses in an assignment. Note that this definition excludes reporting.

Question #3: Will the changes in the 2006 USPAP change the steps an appraiser takes in developing assignment results from what is done now?

Response: No. The SCOPE OF WORK RULE has no requirements that were not in USPAP before. It’s a matter of emphasis. The process of problem identification and the development of an appropriate scope of work, both previously existing USPAP requirements, are emphasized more in the

SCOPE OF WORK RULE and the 2006 USPAP.

Question #4: Has any advice been issued to help understand the SCOPE OF WORK RULE and its use?

Response: Yes, the ASB issued two new Advisory Opinions:

- AO-29 *An Acceptable Scope of Work*; and
- AO-28 *Scope of Work Decision, Performance, and Disclosure*

Question #5: How does an appraiser know if the scope of work is adequate?

Response: The same way appraisers know now. Appraisers will continue to use their training, experience and judgment to determine a scope of work that produces credible assignment results.

Question #6: Who determines the scope of work?

Response: It is the appraiser’s responsibility to determine and perform the appropriate scope of work.

Question #7: Is a scope of work specified by the client acceptable?

Response: It is if that scope of work allows the appraiser to develop credible assignment results. If the scope of work specified by the client does not allow the development of credible assignment results, the appraiser needs to discuss changing the scope of work or withdraw from the assignment.

Question #8: What’s important to know about “credible”?

Response: Whether or not assignment results are credible is always measured in the context of the intended use of the assignment. This means that credibility is relative, not absolute. Assignment results that are credible for one intended use may not be credible for another intended use.

Question #9: Does the SCOPE OF WORK RULE introduce any new reporting requirements?

Response: No. The SCOPE OF WORK RULE does emphasize that the appraiser must report the scope of work performed in the assignment, but this requirement has been in USPAP for many years.

The requirement to report the scope of work takes on greater significance because intended users rely on this disclosure to understand the research and analyses performed in the assignment, rather than relying on the simple (and potentially misleading) labels Complete Appraisal and Limited Appraisal.

Question #10: Is a separate section in the report needed for the scope of work description?

Response: No. USPAP does not dictate where information must be included in reports. The scope of work performed may be described in one section or throughout the report.

Question #11: Does the report need to explain what wasn’t done in an assignment?

Response: Possibly. In addition to the disclosure of research and analyses performed, disclosure of research and analyses not performed might be needed to allow users of the report to understand your scope of work. The report must explain why the cost approach, sales comparison approach or income approach was not developed. It may also be necessary to disclose other research and analysis not performed.

Question #12: Have the reporting labels been deleted from USPAP?

Response: No. The report types identified in USPAP have not changed. Self-Contained Report, Summary Report and Restricted Use Appraisal Report are still the report options for real and personal property appraisals. Appraisal Report and Restricted Use Appraisal Report are still the report options for business or intangible asset appraisals. □

Reissuing or assigning an appraisal report

Who is my client? What are my obligations to my client? When do those obligations end? Can my client have me reassign the report to others? Can I appraise the same property for a different client? What if the lender hires me but the homeowner pays my fee at the door? These are some of the many questions we receive regarding the appraiser-client relationship.

Question 1. I recently performed an appraisal on a subject property for a lender, and now a mortgage broker has contacted me to ask me if I can transfer the report to him. He wants to have a different lender's name placed in the client line. He says he has the permission of the first lender for me to do this. Is this okay under USPAP?

Answer—No. Once a report has been prepared for a named client, the appraiser cannot readdress or transfer the report to another party. Simply changing the client name on the report cannot change or replace the original appraiser-client relationship that was established with the first client. See Advisory Opinion 26 for more information.

Question 2. I know that I cannot transfer a report from one client to another, but I get calls all the time asking me to do this. Is there any way I can accept the assignment and comply with USPAP?

Answer—Yes. The appraiser can consider the request a new assignment and establish a new appraiser-client relationship with the second client. See Advisory Opinion 27 for more information.

Question 3. I recently performed an appraisal on a subject property and a new lender contacted me to request a separate but complete appraisal on the same property. Can I do this new assignment?

Answer—Yes. As long as the appraiser does not use any confidential information given to him or her by the first client, the appraiser can accept an assignment to appraise the same property for a different client. See Advisory Opinion 27 for more information.

Question 4. The lender hired me to do an appraisal, and told me to collect at the door. The homeowners paid my fee, and now they want a copy of the report. What can I do?

Answer—USPAP defines the client as “the party or parties who **engage** an appraiser (by employment or by contract) in a specific assignment.” The determining factor is not who pays for the appraisal or how it is paid, but who contacted the appraiser in the first place and placed the appraisal order. For a federally-related transaction, federal law requires the lender to be the one to engage the appraiser's services. In many, if not most cases, the homeowner pays for the appraisal either directly to the appraiser or indirectly through the lender, thus payment for services is not the determining factor. In the above scenario, it is the lender who is the client, not the homeowner, and the appraiser cannot give a copy of the report to the homeowner without the lender's consent. You should inform the homeowner of this when you collect the fee so there is no confusion.

Lenders are required by federal law (the Equal Credit Opportunity Act) to furnish a copy of the appraisal to the borrower if the borrower requests a copy in writing. This applies to both consumer and business loans for which real estate will be collateral. If the homeowner wants a copy of the appraisal, they can be told to contact the lender directly or the appraiser can ask the client for permission to send a copy.

Question 5. A mortgage broker hires me to appraise a property. The broker

asks that his name not be used as the client, but that I instead identify the client as a local lender on the written appraisal report. The mortgage broker's name or relationship to the parties is not to be mentioned in the report. Can I do this?

Answer—Once an appraiser places a client name on the appraisal report, that person or company is the client, resulting in an appraiser-client relationship. If a mortgage broker wants an appraiser to perform an appraisal on a property that will then be offered to several lenders, the appraiser should not submit an appraisal report naming anyone other than the broker as the client. The appraiser could state that intended users include lending institutions, without naming any one lender. If the appraiser does state a client name in the appraisal report, the appraiser cannot simply change the name of the client and submit the appraisal to a new lender (See Question 1 this page).

Question 6. What if it is the homeowner who engages my services and wants me to put a lender's name on the report as the client?

Answer—First of all, before the appraiser accepts the assignment, the appraiser must disclose to the homeowner that a lender or its agent is required to directly engage the services of an appraiser in a federally-related transaction. The appraiser should make it clear to the homeowner that a lender may not accept the report even if he states on the report that the lender is the client. Also, the homeowner should be informed that once the appraiser states in the report the name of the client, the appraiser cannot change the name of the client on the report.

For more information on these and other questions, see Advisory Opinions 26 and 27. □

Approved Continuing Education Courses

(As of July 10, 2006)

Listed below are the courses approved for appraiser continuing education credit as of date shown above. Course sponsors are listed alphabetically with their approved courses. Shown parenthetically beside each course title are sets of numbers [for example: (15/10)]. The first number indicates the number of actual classroom hours and the second number indicates the number of approved continuing education credit hours. You must contact the course sponsor at the address or telephone number provided to obtain information regarding course schedules and locations.

Alamance Community College

P.O. Box 8000
Graham, NC 27253
336-578-2002

Appraising Small Residential Income Prop (10/10)
Intro to Commercial Real Estate (4/4)
New Exstg Res Cds Aftng RE Appr (10/10)
Real Estate Finance (4/4)

Allen Tate School of Real Estate – A Dan Mohr School

5000 Nations Crossing Road, Suite 206
Charlotte, NC 28217
704-362-2296

Mfg/Mod Homes & Real Property (7/7)
National USPAP Update (7/7)
New Fannie Mae Forms (7/7)
New Rules & Regs FHA/HUD Appraisal Requirements (14/14)
Residential Construction Seminar (14/14)
Staying Out of Trouble – NC App (7/7)

Allstate Home Inspection Training Institute

14 Merchant Street
Barre, VT 05641
802-476-4307

Environmental Awareness (8/8)
FHA Test Preparation (8/8)
Introduction to Home Inspection (8/8)
USPAP Refresher (8/8)

Allterra Consulting Group LLC

7721 Five Mile Road
Cincinnati, OH 45230
513-659-1656

AVM Fundamentals (7/7)
Best Practices/Intended Users (7/7)
Keynote Address/Appraiser Lia (7/7)

American School of Real Estate Appraisers

P.O. Box 275
Cherryville, NC 28021
704-435-1111

National USPAP Update (7/7)
Value? What Value? (4/4)

American Society of Farm Managers and Rural Appraisers

950 South Cherry Street, Suite 508
Denver, CO 80222
303-758-3513

A-12 Part 1 ASFMRA Code of Ethics (7/7)
A-12 (III) National USPAP Update (7/7)
A-25 Eminent Domain (19/19)
A-27 Income Capitalization (28/27)
A-29 Highest & Best Use (15/15)
Advanced Resource Appraisal A-34 (30/30)
A-35 Advanced Appraisal Review (49/30)
A-36 Intro to Appraisal Review (14/14)
Appraising Agricultural Land in Transition (14/14)
Appraising Agricultural Land in Transition (8/8)
Appraising Rural Residential Properties (15/15)
Conservation Easement Valuation & Case Stud (24/24)
Conservation Easements (16/14)
Cost Estimating (8/8)
Current Environmental Issues (8/8)
Identifying Intangible Assets (16/16)
Yllw Bk – Uniform Appr Standards for Fed Land Acq (8/8)

American Society of Appraisers NC Chapter

121 SE 21st Street
Oak Island, NC 28465
910-278-7151

Appraising Rural Residential Part Time Farms (7/7)
Appraising Small Residential Income Properties (7/7)
National USPAP Update (7/7)
The Appraisal of Small Subdivisions (7/7)
Using Marshall & Swift/Res Prop (7/7)

Appraisal Schools by M. Curtis West

P.O. Box 947
Zebulon, NC 27597
919-217-8040

National USPAP Update 2005 (7/7)
National USPAP Update 2006 (7/7)
Scope of Work in the Appraisal Process (7/7)

Appraisal Academy (The)

3802 N. University Street
Peoria, IL 61614
309-681-8100

O/L Limiting Appraiser Liability Exposure (7/7)
O/L Tough Residential Appraisal Assignment (4/4)
O/L Manufactured Home Appraising (7/7)
O/L Fundamentals of Small Business Valuation (7/7)

Appraisal Institute

550 W. Van Buren Street, Suite 1000
Chicago, IL 60607
312-335-4236

2006 New Techniques for Real Estate Appraisers:

Cool Tools (3.5/3.5)
2006 Scope of Work & New USPAP (3.5/3.5)
320 General Applications (39/30)
330 Apartment Appr: Cncpts & (14/14)
400 National USPAP Update (7/7)
410 National USPAP (15/16)
420 Business Practice and Ethic (7/7)
500 Adv Res Form & Narrative (40/30)
520 High & Best Use & Mkt Anal (40/30)
530 Adv Sales Comp & Cost Appr (40/30)
600 Inc Val of Sm Mixed-Use Prop (15/15)
610 Cst Val of Sm Mixed-Use Prop (15/15)
620 Sls Comp Val Sm Mixed-Use (15/15)
700 Appraisers as Expert Witness (15/15)
705 Litigation Appr: Splcd Topics & (16/16)
710 Condemnation Appr: Basic Prin & (15/15)
720 Condemnation Appr: Adv Topics & (15/15)
810 Computer-Enhanced Cash F (15/15)
Adv Res Applctns & Case Studies (14/14)
Adv Res Report Writing Pt 2 (28/28)
Analyzing Commercial Lease C (7/7)
Appr Consulting: A Solutions Appr (7/7)
Appraisal Review - General (7/7)
Appraisal Review - Single Fam Resid (7/7)
Appraising Convenience Stores (7/7)
Appraising Manufactured Housing (7/7)
Appraising the Tough Ones (7/7)
Avoiding Liability as a Residential Appr (7/7)
Case Studies in Residential Highest & Best Use (7/7)
Case Studies in Limited Partnership & Common Tenancy Valuation (14/14)
Condominiums Co-Ops & PUDS (7/7)
FHA & the New Residential Appraisal Forms (7/7)
Forecasting Revenue (7/7)
Gen Demo Appr Rpt Writing Sem (7/7)
General Market Analysis & Highest & Best Use (28/28)
Intro to Income Capitalization (7/7)
Liability Management for Residential Appraisers (7/7)
Mkt Analy & the Site to Do Business (7/7)
Mhmtclly Modeling Real Est (7/7)
National USPAP Update 2006 (7/7)
O/L Course 400: 7-Hr National USPAP Equivalent Course (7/7)
O/L Course 420: Business Practices & Ethics (8/7)
O/L Analyzing Distressed RE (4/4)
O/L Analyzing Operating Expen (7/7)
O/L Appraisal of Nursing Facilities (9/9)
O/L Appraising from Blueprints (7/7)
O/L Apartment Appraisal, Concepts & Applications (15/15)
O/L Internet Search Strategies for R (7/7)
O/L Intro to GIS Apps for RE App (7/7)
O/L Professional's Guide to the URAR (7/7)
O/L Res Design & Functional Uti (7/7)
O/L Res Property Construction & In (7/7)
O/L Sm Hotel/Motel Val: Lmted S (7/7)
O/L The Cost Approach to Commercial Appraising (7/7)
O/L The FHA and the Appr Proce (7/7)
O/L Using Your HP12C Financial (7/7)
O/L Val of Detrimental Conditions (7/7)
Opportunities for Appr: Consultants Under the Brownsfield Act of 2002 (7/7)
Quality Assurance in Residential Appraisals (7/7)
Professional's Guide to the URAR (7/7)
Rd Less Traveled: Spl Purpose Pr (7/7)
RE Finance, Stats, Valuation M (14/14)
RE Finance, Value, Invest Model (7/7)
Res Demo Appr Report Writing S (7/7)
Res Market Analysis & Highest and Best Use (14/14)
Residential Report Writing & Case Stud (14/14)
Reviewing Residential Appr Rpt (7/7)
Residential Sales Comparison & Income Approaches (28/28)
Residential Site Valuation & Cost Approach (14/14)
Scope of Work: Expanding Range (7/7)
Subdivision Valuation (7/7)
Uniform Appraisal Standards for Federal Land Acquisitions (16/15)
Washington Appraisal Summit (6/6)
What Clients Want Apprs to Know (7/7)

Appraisal Institute NC Chapter

2306 W. Meadowview Road, Suite 101
Greensboro, NC 27407
336-297-9511

Evaluating Commercial Construction (16/16)
RE Development: How to Increase Profits (4/4)
Understanding & Testing DCF Valuation Models (4/4)
Yellow Book: Uniform Appraisal Standards of Federal Land Acquisition (8/8)

Asheville-Buncombe Technical Community College

340 Victoria Road
Asheville, NC 28801
828-254-1921

National USPAP Update 2005 (7/7)
National USPAP Update 2006 (7/7)
PDH RE – Basic Surveying (5/5)
The UDO: Regulating RE Use & Dev (4/4)

Bob Ipock & Associates, Inc.

1218 Heatherloch Drive
Gastonia, NC 28054
704-867-1985

Appraising in NC (4/4)
Back to Basics (4/4)
National USPAP Update 2005 (7/7)
National USPAP Update 2006 (7/7)

Career Webschool

1395 S. Marietta Pkwy., Bldg. 400, Suite 107
Marietta, GA 30067
770-919-9191

O/L A URAR Form Review (7/7)
O/L Appraisal Methods (14/14)
O/L FHA Single Family Appraisal (14/14)
O/L Overview of Appr Process (14/14)
O/L Residential Report Writing & Cases (14/14)
O/L Uniform Resid Appr Rpt (14/14)

CCIM Institute

430 N. Michigan Avenue, 8th Floor
Chicago, IL 60611-4092
312-321-4473

C1101 Financial Analysis of Commercial Invest. (30/30)
C1102 Market Analysis Comm Inv. (30/30)
C1103 Lease Analysis Comm Inv. (30/30)
C1104 Invest Analysis Comm Inv. (30/30)
Intro to Com Investment RE An (12/12)

CLE International

1620 Gaylord Street
Denver, CO 80206
303-377-6600

Eminent Domain (12/12)

Columbia Institute (The)

8546 Broadway, Suite 235
San Antonio, TX 78217
800-460-3147

Analyzing the Subject No. 012 (4/4)
Fundamentals of Appraisal Review No. 105 (8/8)
National USPAP Update 2006 (8/7)
Using the New Forms No. 103 (8/8)

Dan Mohr Real Estate Schools

1400 Battleground Avenue, Suite 150
Greensboro, NC 27408
800-639-9813

Depreciation Workshop (7/7)
Environmental Hazards-Res Prop (7/7)
Extraction of Data from Market Res (7/7)
HP 12C Course (7/7)
Intro to Residential Construction (30/30)
Mfg/Mod Homes & Real Prop App (7/7)
National USPAP Update 2005 (7/7)
National USPAP Update 2006 (7/7)
New Fannie Mae Forms (7/7)
Res Appr & Conv Underwriting Guide (7/7)
Residential Construction Cost (7/7)
Residential Construction Seminar (14/14)
Rules & Regs FHA/HUD Rqrrmt (14/14)
Staying Out of Trouble – NC App (7/7)
The Narrative Appraisal Report (7/7)

Dynasty School

2373 S. Hacienda Boulevard
Hacienda Heights, CA 91745
800-888-8827

National USPAP Update (7/7)
O/L Real Estate Appraisal (14/14)

Edgecombe Community College

225 Tarboro Street
Rocky Mount, NC 27801
252-446-0436

Appr Mfg, Mod & Mobile (A) (7/7)
Appr Mfg, Mod & Mobile (B) (7/7)
Cst Appr Marshall & Swift Res & Co (7/7)
Income Capitalization (14/14)
Income Capitalization (A) (7/7)
Income Capitalization (B) (7/7)
Mfg, Modular & Mobile (4/4)
Narrative Appraisal Report Writing (14/14)
National USPAP Update 2005 (7/7)
National USPAP Update 2006 (7/7)
New FNMA Forms - Multifamily (7/7)
New FNMA Forms - Single Family (7/7)
Pricing Small Income Properties (4/4)
Principles & Techniques Val 2.4 Units Res Prop (14/14)
Principles & Techniques for Determining Market Adjustments (7/7)
RE Finance for Appraisers (14/14)
Rural Valuation Seminar (14/14)
Single Fam Res App (14/14)
Standards of Professional Practice (15/15)
USPAP & NC Board Rules & Regs for (15/15)

Approved Continuing Education Courses

Elliott & Company Appraisers

3316-A Battleground Avenue
Greensboro, NC 27410
336-854-3075

National USPAP Update 2006 (7/7)
The Changing World of Appraising (7/7)

Erick Little & Company

PO Box 4267
Cary, NC 27519
919-460-8823

National USPAP Update 2006 (7/7)
New Forms Old Problems (7/7)

Foundation of Real Estate Appraisers

2140 W. Chapman Avenue, #107
Orange, CA 92868
714-935-1161

National USPAP Update 2005 (7/7)

Hignite Training Service

208 Gloria Street
Greenville, NC 27858
888-506-9515

Changes in FHA (7/7)
Fannie Mae Forms & Regulations (7/7)
National USPAP Update 2005 (7/7)
National USPAP Update 2006 (7/7)

Hondros College

4140 Executive Parkway
Westerville, OH 43081
614-508-7200

Sales Comparison Approach (3.5/3.5)

Institute of Government, UNC, Chapel Hill

Knapp Building, CB#3330
Chapel Hill, NC 27599-3330
919-966-4157

Appr of Commercial Property in a Declining Market (7.5/7)

Appraisal of Land (30/30)
Assessment Administration (30/7)
Fund of Assessment Ratio Studies (16/16)
Fundamentals of Mass Apprais (30/30)
IAAO 101: Fundamentals of Real Property (30/30)
IAAO 102: Income Approach to Valuation (30/30)
IAAO 402: Property Tax Policy (30/30)
Marshall & Swift - Commercial (13/13)
Principles & Techniques of Cadastral Mapping (30/30)
Residential Modeling Concepts (30/30)

International Right of Way Association

One Forest Lake Drive
Simpsonville, SC 29681
864-918-5033

103 Ethics & Right of Way Prof (8/8)
403 Easement Valuation (8/8)
801 Land Titles (10/10)

JVI

951 Market Promenade Ave., Suite 2101
Lake Mary, FL 32746
407-531-5333

Appraising REO Properties (7/7)

Lenoir Community College

P.O. Box 188
231 Hwy. 58 South
Kinston, NC 28502-9946
252-527-6223

Appr Mfg, Mod, & Mobile (A) (7/7)
Appr Mfg, Mod, & Mobile (B) (7/7)
Cost Approach Marshall & Swift R (7/7)
Income Capitalization (A) (7/7)
Income Capitalization (B) (7/7)
Narrative Appraisal Report Writing (14/14)
National USPAP Update 2005 (7/7)
National USPAP Update 2006 (7/7)
NC Rules & Regulation Update (7/7)
New FNMA Forms - Single Family (7/7)
Principles & Techniques for Determining Market Adjustments (7/7)
Prin/Tech Val 2-4 Unit Res (14/14)
USPAP & NC Rules & Regs for Appraisers (15/15)

Marshall & Swift

915 Wilshire Boulevard, 8th Floor
Los Angeles, CA 90017
213-683-9000

O/L Cost Appr, Commercial Appraisals (7/7)
O/L Cost Appr, Residential Appraisals (7/7)

McKissock Appraisal Schools

P.O. Box 1673
Warren, PA 16365
800-328-2008

2-4 Family Finesse: Appraising Multi-Family Properties (7/7)
Appr For the Secondary Market (7/7)
Appraising High Value Residential Properties (7/7)
Appraisal Review (7/7)
Appraisal Trends (7/7)
Appraising FHA Today (7/7)
Appraising REO & Foreclosure Properties (7/7)
Appraising the Oddball (7/7)

Cost Approach (7/7)
Disclosures and Disclaimers (7/7)
Does My Report Comply with USPAP (7/7)
Fannie Mae Revisions (7/7)
Lmt'd Apprs & the Scope of Wk (7/7)
Made in America: Appraising Factory Built Housing (7/7)
National USPAP Update 2005 (7/7)
National USPAP Update 2006 (7/7)
National USPAP Update 2005 Equivalent (7/7)
O/L 2-4 Family Finesse (7/7)
O/L Appr for the Secondary Market (7/7)
O/L Appraisal Trends (7/7)
O/L Appraiser Liability (7/7)
O/L Appraising FHA Today (7/7)
O/L Appraising Historic Properties (4/4)
O/L Appraising the Oddball (7/7)
O/L Construction Details & Trends (7/7)
O/L FHA Appraising Today (7/7)
O/L Made in America (7/7)
O/L National USPAP Update 2005 (7/7)
O/L Relocation Appraisal is Dif (7/7)
O/L Technology for Today's Appraiser (7/7)
O/L The Cost Approach (7/7)
Private Appraisals (7/7)
Relocation Appraisal is Differ (7/7)
Residential Construction (7/7)
Scope of Work (7/7)

Mel Black/NCREEI

P.O. Box 459
Cherryville, NC 28021
704-435-9191

2-4 Family Properties (7/7)
2006 National USPAP Update Course (7/7)
Board Rules and Laws (7/7)
Current Issues & Problem Solving in Res Appraising (14/14)
National USPAP Update 2005 (7/7)
National USPAP Update 2006 (7/7)
New 2055 & 1075 Drive-By Forms (7/7)
O/L Income Approach (7/7)
O/L Intro to Commercial Appraisal (3.5/3.5)
O/L Residential Cost Approach (7/7)
O/L Sales Comparison Approach (7/7)
Sales Comp Analy Based on Mk (7/7)
Technical Writing for Appraisers (7/7)
The New URAR (7/7)
Top Appraisal Questions & Their Answers (7/7)
Trainees & Supervisors (7/7)
Value? What Value? (4/4)

Mingle School of Real Estate

P.O. Box 35511
Charlotte, NC 28235
704-372-2984

Appraising in NC (4/4)
National USPAP Update (7/7)

NC Real Estate Education Foundation (NCRAR)

4511 Weybridge Lane
Greensboro, NC 27407
800-443-9956

Legal Issues in Real Estate (7/7)
Residential Construction (7/7)
Residential RE as an Investment (7/7)
Tax Planning for the Real Estate Agent (7/7)

Perry Residential Appraisal School

PO Box 1172
Granite Falls, NC 28630
828-396-7811

Mathematical Analysis of a Residential Appraisal (7/7)

North Carolina Department of Transportation (NCDOT)

1605 Westbrook Plaza Drive, Suite 301
Winston-Salem, NC 27103
336-760-1925

Apply Marshall & Swift and Valuing Medical/
Assisted Living Facilities (7/7)
Appr of Residue & Spl Use Prop (7/7)
Sales Comp Grid/Appr of Trans (7/7)
Trending Via Demographics/Appraising Land
for Development Potential (7/7)

NCSU Forestry Education Outreach Program

NCSU Campus Box 8003
Raleigh, NC 27695
919-515-3184

Accurate Forest Inventory (16/16)
Applied Intermediate GIS - Foresters (15/15)
Conservation Design: Greener Comm (14/7)
Dlntn of Pdmnt & Cstl Pln Jrsd (30/30)
Intro to Applied GIS - Foresters (15/15)
Intro to Applied GPS - Foresters (15/13)

NCSU Soil Science Dept

Campus Box 7619
Raleigh, NC 27695
919-515-1678

Basics of On-Site Sewage (7/7)
Getting the Dirt on Soils (7/7)
On-Site System Tech Refresh (7/7)
Septic System Options for Diff (14/14)
Wastewater in the Environment (7/7)
Wells & Septic Systems (4/4)

Pitt Community College

PO Box 70070
3107 S. Memorial Drive
Greenville, NC 27835
252-493-7625

Narrative Appraisal Report Writing (14/14)
National USPAP Update 2006 (7/7)
New FNMA Forms - Single Family (7/7)

REALETECH.COM

2520 Delaney Avenue
Wilmington, NC 28403
910-352-9693

Appraisers and Residential Reviews (7/7)
Fannie Mae Guidelines for Appraisers (7/7)
Introduction to Environmental Risk Screenings (7/7)
National USPAP Update 2005 (7/7)
National USPAP Update 2006 (7/7)
What the NC Appraisal Board Expects From You (4/4)

Samaritan's House, Inc.

PO Box 690609
Charlotte, NC 28227
704-545-2340

Cost Approach (7/7)
Loan Offic & Appr Relationship (7/7)

School of Real Estate Appraising, Inc.

62 North Chapel Street, Suite 6
Newark, DE 19711
302-368-2855

The New Fannie Mae Appraisal (7/7)

Surry Community College

P.O. Box 304
Dobson, NC 27017
336-386-8121

Fannie Mae Updated Prop & App (8/8)
Home Inspections & Common De (4/4)
Is the Comparable Comparable (8/8)
Mobile Mfg Homes & Types of M (4/4)
National USPAP Update 2005 (7/7)
Prep 2-4 Sm Resid Income Prop (8/8)
Preparation of a Quality URAR (8/8)
Reviewing a Residential Appraisal (8/8)
Testing Highest & Best Use (8/8)

Triangle Appraisal & Real Estate School

2801-3V Ward Boulevard
Wilson, NC 27693
252-291-1200 or 919-971-1887

Changes in NC's Rules & Regs (3.5/3.5)
Changes in Standards (3.5/3.5)
Manufactured Home Construction (7/7)
National USPAP Update 2005 (7/7)
National USPAP Update 2006 (7/7)
New FNMA Forms (7/7)
North Carolina Rules (7/7)

Wendell Hahn & Associates

PO Box 5245
Columbia, SC 29250
803-779-4721

National USPAP Update 2005 (7/7)
National USPAP Update 2006 (7/7)
New FNMA Forms (7/7)
Property Inspection for Appraisers (7/7)
Six Critical Problems that Appraisers (7/7)

Western Piedmont Community College

200 East College Drive
Morganton, NC 28655
828-438-6100

Appr Mfg, Modular & Mobile (A) (14/14)
Income Capitalization (A) (7/7)
Income Capitalization (B) (7/7)
Maximizing Value (4/4)
Mfg, Modular & Mobile (7/7)
Narrative Appraisal Report Writing (14/14)
National USPAP Update 2005 (7/7)
National USPAP Update 2006 (7/7)
New FNMA Forms - Multifamily (7/7)
New FNMA Forms - Single Family (7/7)
Pricing Complex Properties (4/4)
Principles & Techniques for Determining Market Adjustments (7/7)
USPAP & NC Rules & Regs for Appraisers (15/15)

World Savings

4101 Wiseman Boulevard
San Antonio, TX 78251
210-543-5464

Appraisal Review 2 (8/8)
Appraising in a Changing Mark (4/4)
National USPAP Update (7/7)

Worldwide Employee Relocation Council

1717 Pennsylvania Ave. NW #800
Washington, DC 20006-4665
202-857-0857

O/L The Relocation Appr Training Program (6/6)

Disciplinary Actions

The following is a summary of recent disciplinary actions taken by the Appraisal Board. This is only a summary; for brevity, some of the facts and conclusions may have not been included. Because these are summaries only, and because each case is unique, these summaries should not be relied on as precedent as to how similar cases may be handled.

Thomas Anderson A5383 (Skyland)—By consent, the Board suspended Mr. Anderson's general certification for a period of 6 months. The first three months of the suspension shall be active and the remainder stayed until December 31, 2006. If Mr. Anderson completes a course in the income approach and the sales comparison approach, or the G-2 course, by that date, the remainder of the suspension will be inactive. The Board found that Mr. Anderson and another appraiser appraised a property located in Asheville, North Carolina as of November 19, 2004 indicating a value of \$1,025,000. The subject property is a 0.86-acre site improved with a 5,049 square foot building constructed in 1976 and currently occupied as a medical office. Mr. Anderson used three approaches to value in the analysis. In the Cost Approach, he used five sales in the land value analysis. The three sales were actually purchases of more than one tract. Although each contained improvements at the time of the sale, there was no mention of the improvements and large adjustments were taken for functional utility with no explanation. Another sale is a 6,098 square foot site, and Mr. Anderson adjusted this sale down 10% for functional utility with no explanation of the adjustment. The fifth sale involved the purchase of approximately 4.04 acres with buildings that have subsequently been removed from the site. There is no explanation in the report that the site was larger than indicated and no explanation for the functional utility adjustment. There were sales of vacant sites that were more similar in size and would have required fewer adjustments than those used in the report. In the Cost Approach, Mr. Anderson indicates the subject's lot value to be \$15.50 per square foot or \$675,180. The lot size is shown as 37,462 square feet, which would calculate to \$580,661 rather than \$675,180. The total value shown by the Cost Approach in the report was \$1,029,396. Mr. Anderson used three improved sales in the Sales Comparison Approach. He extracted out the building value of one of the sales with no explanation as to how the building value was extracted in the report. In his Income Approach, Mr. Anderson used estimated figures with no real support or explanation. All three of the approaches produced value results that are not credible either due to flawed data, poor methodology or lack of support.

Jack Baber Jr. A51 (Asheville)—By consent, the Board suspended Mr. Baber's residential certification for one month and ordered him to take a sales comparison course. If he fails to take the course, the one-month suspension will be extended to six months beginning October 1, 2006. The Board alleged that a trainee working under Mr. Baber's supervision appraised a property located in Marshall, North Carolina in December 2003. The subject property is a 1,460 square foot dwelling with a 546 square foot finished basement. The appraisal report contained erroneous data with regard to the subject's zoning, flood zone, and census tract. The sales locator map was incorrect with regard to the distances between the subject property and comparable sales. The first three comparable sales have significantly larger lot sizes, and inadequate adjustments were made for this difference. There were other sales available that would have led to a lower value for the subject property. The certification attached to the appraisal report indicated that Mr. Baber had personally inspected the

interior of the subject property and the exterior of the comparable sales, but in fact Mr. Baber did not inspect the subject property prior to the report being issued.

Rodney Billowitz A5279 (Matthews)—By consent, the Board suspended Mr. Billowitz's residential license for a period of six months. The suspension is stayed until October 1, 2006. If Mr. Billowitz completes a course in scope of work and a course in sales comparison by that date, the suspension shall be inactive. While a trainee and working under the supervision of a licensed appraiser, Mr. Billowitz appraised a property located in Charlotte, North Carolina in February 2003, finding an estimate of value of \$120,000. The subject property is a 103-year-old dwelling containing 1,599 square feet. It sold on May 16, 2002 for \$101,000. The subject had been remodeled on the interior and freshly painted on the exterior. Mr. Billowitz's report stated that the subject was listed for \$120,000 within the past 30 days according to the MLS and public records, although in fact it was not listed. He used three sales in his Sales Comparison Approach. He indicates that Sale 1 closed on September 5, 2002 for \$120,500, but in fact this sale involved three separate and improved properties that sold together and not the single property as shown in the report. His adjusted value for this sale was \$125,640. The report indicates that most weight was given to this sale; however, this sale was not a valid comparable. The report indicates that Sale 2 closed on February 8, 2002 for \$110,000. According to public records, this property sold twice on the same day, first for \$70,000 and then \$110,000. Mr. Billowitz provides no explanation as to why Sale 2 sold twice on the same day. The adjusted value for this sale was \$115,584. Sale 3 sold on March 15, 2002 for \$107,000. This sale was located in a superior area, which Mr. Billowitz failed to adjust for; however, this sale appears to be the most reasonable sale used in the appraisal. There were other sales in the area that would have supported a lower value than indicated in the report. Mr. Billowitz was a trainee when he performed this report, and he has since upgraded to licensed residential. His supervisor surrendered his license to the Board in 2004 in another matter.

Jeffrey Burns A4971 (Fayetteville)—The Board accepted the voluntary surrender of Mr. Burns' residential license.

Craven Casper A71 (Rocky Mount)—By consent, the Board suspended Mr. Casper's residential certification for a period of five years with the first six months of the suspension to be active, subject to the following provisions. Mr. Craven's wife will accompany him on all appraisal inspections. He will send a log of all appraisals performed during the month to the Appraisal Board by the 5th day of the following month. The log will include the telephone number for the property owner. He will undergo evaluation and assessment at a mental health facility or with a licensed mental health provider. Once the assessment is completed, a copy will be sent to the Appraisal Board. Mr. Casper will undergo treatment as determined by the facility or provider. Once treatment has ended, the provider will send a statement to the Appraisal Board that he poses no threat to the public. If at any time in the future it is shown to the satisfaction of the Board after a hearing or upon admission of Mr. Casper that he has made any sort of inappropriate comment during the course of an inspection, he will face revocation of his certification. Mr. Casper will send a written letter of apology to the Complainant, with a copy of that letter to be delivered to the Appraisal Board. The Board found that Mr. Casper was engaged to appraise a property located in Rocky Mount in 2005. The owner of the subject property, a single mother, was present when Mr. Casper inspected the property. While the owner was outside the home, she and Mr. Casper conversed about the prior flood and elevations in the area. During the course of that conversation, Mr. Casper made inappropriate comments to her. He asked the owner not to tell the bank that he had ordered the appraisal. Mr. Casper also told her he would give her a

good price on the appraisal if she did not tell the bank. He completed the appraisal and charged \$200 for it. There were no problems noted with the appraisal or the appraised value.

Tracee Chance A4903 (Charlotte)—By consent, the Board suspended Ms. Chance's residential license for a period of six months. The two months of the suspension is active and the remainder is stayed until December 1, 2006. If Ms. Chance completes a course in appraiser liability (or a similar course) and the 15-hour National USPAP course by that date, the remainder of the suspension shall be inactive. The Board found that Ms. Chance appraised a property located in Bessemer City, North Carolina, finding an estimate of value of \$129,000. The subject was a one-story doublewide manufactured home with 1,890 square feet of gross living area. When Ms. Chance issued the appraisal report, she included 5 comparable sales that were all doublewide manufactured homes. After she issued the report, her client sent her an email stating that he had a letter from the county stating the subject was not manufactured, but was modular. Based on that email, she changed the description of the subject to state that it was not a manufactured home. Tax data in the work file indicates that the subject is a manufactured home. Ms. Chance did not take any steps to confirm the client's assertion that the subject was modular. She also changed the description of one of the comparable sales in the original report to say that it was a ranch, not a doublewide. She then chose other comparable sales that were modular. The final opinion of value was the same as her original appraisal. There were several sales of manufactured homes in the subject subdivision one year prior to the appraisal report. They ranged in year built from 1995 to 1999, in square footage from 1,103 to 1,652, and in sales price from \$41,500 to \$75,000. Ms. Chance over valued the subject property.

James L. Chappell, Jr. A5069 (West Jefferson)—By consent, the Board suspended Mr. Chappell's residential certifications for a period of 3 months. The suspension is stayed until July 1, 2006. If Mr. Chappell completes both a course in sales comparison and a course in appraiser liability by that date, the suspension will be inactive. The Board found that Chappell and another appraiser appraised a property located in North Wilkesboro, North Carolina in January 2003, finding an estimate of value of \$88,000. The appraisal was performed "as is." The report indicates a sales price of \$88,000; however, an order form in the work file indicates a sales price, estimated value and loan amount of \$75,000. There was no contract in the work file. The appraisal report states that the site contains 3 +/- acres. An addendum attached to the report states that an additional 2.1 acres is being purchased.

The subject site actually contains 0.42 acre and a dwelling. Mr. Chappell used the tax card information and an additional 2.1 acres to the rear of the site in the report. He used three sales in the report. While there were few sales available, the sales used should have been adjusted down for location differences.

Daniel C. Covington A5763 (Dawsonville, Georgia)—By consent, Mr. Covington surrendered his residential certification.

Dexter Davis A3235 (Rocky Mount)—By consent, the Board issued an inactive suspension to Mr. Davis for a period of three months. If Mr. Davis fails to complete courses in narrative report writing, appraiser liability, and the income approach by October 1, 2006, the suspension will become active on that date. The Board alleged that Mr. Davis appraised a proposed 32-room motel located in Scotland, Neck North Carolina in April 2004, finding an estimate of value of \$1,292,000. Mr. Davis works full time for the U. S. Department of Agriculture and does occasional appraisal work outside of his employment with the USDA. Although he is a certified general appraiser with commercial experience, he had never appraised a proposed motel before this time. Since Mr. Davis was not familiar with the appropriate appraisal methodology to appraise a proposed motel, he used another appraisal of a motel as a guide in doing

Disciplinary Actions

his appraisal. Mr. Davis utilized all three approaches to value. In the Sales Comparison Approach he used six sales of motels located at various locations throughout North Carolina and Tennessee. He made inadequate adjustments for his comparable sales and did not adequately describe the sales with the exception of the data shown in the grid. Mr. Davis relied on Marshall and Swift Valuation Service in the cost approach. Although the land value was determined by direct comparison with vacant land sales from within the immediate market area, there was no sales grid provided or discussion of the sales making the land value estimate suspect. In the income approach, Mr. Davis used an income approach software program. He did not adequately summarize and disclose his methodology, nor did he explain how he obtained the rates that were plugged into the capitalization program. Although his appraisal methodology was limited and his report lacking in detail, the value was supported.

Jason Garlow T2615 (St. Pauls)—By consent, the Board suspended Mr. Garlow's trainee registration for a period of six months. The suspension is stayed until October 1, 2006. If Mr. Garlow completes a course in scope of work and a course in tough appraisal assignments by that date, the suspension shall be inactive. The Board found that Mr. Garlow and his supervisor appraised a property located in Fayetteville, North Carolina in October 2005, finding an estimate of value of \$367,000. The subject was under contract for \$380,000 on the effective date of the report. The subject had transferred through foreclosure one month before the report for \$248,500, which was noted in the report. Several improvements had been made to the subject since the sale. The subject is located on a small cul-de-sac that backs up to a city power substation and water tower. Mr. Garlow used three sales in the report that were all superior to the subject in quality of construction and appeal, yet he did not make any adjustments for these differences. Had he made appropriate adjustments to their sales, the estimate of value would have been lower.

Patricia Grant A1225 (Charlotte)—By consent, the Board suspended Ms. Grant's residential certification for a period of one month. The suspension is stayed until December 1, 2006. If Ms. Grant completes a course in sales comparison by that date, the suspension will be inactive. The Board found that Ms. Grant appraised a property located in Charlotte, North Carolina in April 2001, finding an estimate of value of \$710,000. The appraisal was done subject to completion per plans and specifications. The subject consisted of 3,727 square foot of gross living area and was treated as having excellent quality of construction. There were no sales in the subject development within one year of the report, so Ms. Grant used three comparable sales that were located outside the subject development. She made inadequate adjustments for the differences between the sales and the subject property. Had she made proper adjustments, her final opinion of value would have been lower.

Christopher Groce A3505 (Yadkinville)—By consent, the Board issued a reprimand to Mr. Groce. Mr. Groce also agrees to complete a course in condemnation or expert witness appraisal and a sales comparison course by September 30, 2006. The Board alleged that on November 5, 2000, Mr. Groce issued a written appraisal report on a property located in Hamptonville, NC, with an effective date of June 14, 1999. The subject property consisted of approximately 18 acres of undeveloped land. About 11 acres of that land had been taken by the North Carolina Department of Transportation on June 14, 1999 for highway expansion. In this appraisal report, Mr. Groce valued the 11 acres at \$14,000 per acre, for a total of \$154,658, and stated that the highest and best use of the subject property was for smaller tracts for single-family home sites or for small business. He later stated at the condemnation trial and at the hearing that, at all times, he believed that the highest and best use for the property was actually for small commercial purposes, and that he had prepared this appraisal report for use of the attorney for the landowner upon the attorney's instructions value the

property as residential. Mr. Groce did not state in the appraisal report that he was appraising the property as residential based on the attorney's instructions. He testified at a condemnation trial in Yadkin County in October 2002 regarding the valuation of the subject property as of June 14, 1999. During his testimony in October 2002, Mr. Groce gave a value of \$458,250 to the 18 acres of the subject property in the before condition and a value of \$138,250 for the 7.9 acres in the after condition. In the oral testimony at trial, Mr. Groce stated that the highest and best use of the subject property was for small commercial purposes. He was not allowed to testify at the trial to his reasoning and opinions and conclusions as to how he arrived at the appraisal figures.

Michael Howard A4930 (Cary)—By consent, the Board issued a reprimand to Mr. Howard and ordered him to take a course in North Carolina Appraisal Board Rules. The Board found that Mr. Howard appraised a property located in Durham, North Carolina in January 2002, finding an estimate of value of \$287,000. The appraisal was performed "as is." At the time of the appraisal report, the subject was listed in the local MLS for \$285,000, and the subject had a "pending" date of January 6, 2002. No mention was made of the listing in the appraisal report. Mr. Howard had previously appraised the house in January 2001 for \$285,000 when the prior owner was refinancing. In that report, he stated that there were no prior sales of the subject within the past year, but the current owner had purchased the property in February 2000 for \$200,000. Mr. Howard was a trainee at the time of that appraisal.

Timothy Howard A4806 (Leland)—By consent, the Board suspended for a period of one year. Mr. Howard's residential license is currently lapsed. The first four months of the suspension shall be active, at which point Mr. Howard may apply for renewal of his license as long as he has taken a course in sales comparison by that date. The Board found that Mr. Howard appraised a property located in Littleton, North Carolina in October 2003, finding an estimate of value of \$81,000. The subject was a thirty-one year old 1,178 square foot brick ranch style home that is located in a rural section of the county. The report included three comparable sales that were all twelve to fifteen miles from the subject. Two of the sales were located in superior areas, but Mr. Howard did not adjust for this. Even though the subject was in a rural area and there were no sales in the immediate area, there were sales available in other rural areas like the subject that would have indicated a lower value. Mr. Howard had in his field notes in the neighborhood section "rents for \$500/month," and the order form in his work file indicated that the subject was an investment property. Another note in the work file from the homeowners indicated that the owners would reside in the property once repairs were made, instead of renting it. Mr. Howard checked that the house was owner occupied, but he did not discuss these factors in his report and he did not perform an income approach. Behind the subject there is a separate lot owned by the homeowners that has a tennis court, which appeared to be in poor condition on the date of inspection. Although this lot was not part of the subject lot as described in the report, Mr. Howard included the tennis court in the appraisal and gave it over \$3,000 in contributory value.

Thomas Johnson A5083 (Wilson)—By consent, the Board issued a reprimand to Mr. Johnson and ordered him to take a course in sales comparison. If he fails to complete the course by July 1, 2006, the reprimand will be vacated and a one-month active suspension imposed on that date. The Board found that Mr. Johnson appraised a property located in Elizabeth City, North Carolina in May 2005, finding an estimate of value of \$140,000. He previously appraised the property in August 2004, finding an estimate of value of \$130,000. The subject property is a manufactured home containing 2,200 square feet of gross living area. It has had several upgrades and additions including a covered porch, rear patio and double detached garage. In addition, the lighting and plumbing fixtures had been upgraded. Mr. Johnson stated in the both reports that the subject was a modular home house, but that it previously had HUD tags that would indicate it was a manufactured home.

The tax office classified the subject as of modular construction. The home has been resided and the HUD tags, if they are still there, are no longer visible. The appraisal reports indicated that all his sales were modular homes, but one of the sales was in fact a manufactured home. All of the sales were located outside of the subject subdivision. There were sales in the subject subdivision that could have been used as comparables. Those properties were smaller and would have required substantial adjustments. Mr. Howard should have noted these sales in his appraisal reports.

J. Paul Jones T3445 (Clay)—By consent, the Board suspended Mr. Jones' trainee registration for a period of six months. The suspension is stayed until December 1, 2006. Mr. Jones agrees to complete courses in complex properties and report writing. If he fails to complete the courses by December 1, 2006, the suspension will become active on that date. Mr. Jones and his supervisor appraised a property located in Whittier, North Carolina as of January 26, 2005, finding a value of \$185,000. The subject property consisted of a 58-year-old 1-story dwelling located upon a 5-acre tract. The adjustment grid indicates that the comparables were all between 6 and 26 years old. Mr. Jones said that the subject was remodeled and gave an effective age of 15. The comparable sales are superior to the subject in appeal and quality, yet no adjustments were made for either of those characteristics. The work file was insufficient as there was little information that appeared to support the value conclusion. Mr. Jones and his supervisor also appraised a property located in Hayesville, North Carolina as of June 1, 2004 finding a value of \$265,000. The subject is a forty-four year old 1,520 SF dwelling with a view of and adjacent to a lake. There is also a smaller dwelling on the subject that is utilized as a rental cottage. Mr. Jones considered the secondary dwelling to be linked to the primary dwelling as the total property was considered in one deed and contained only one tax card. The sales comparison approach indicated a value of \$185,000. It then states that a value of \$80,000 was assigned to a second house on the property, which Mr. Jones said was obtained from the county tax record value of \$71,980. The \$80,000 was added to the \$185,000 to arrive at an appraised value of \$265,000. The cost approach was not developed or even considered within the scope of the appraisal. Mr. Jones and his supervisor appraised a property located in Cliffside, North Carolina, finding a value of \$31,000. The subject property is a 7.26-acre vacant tract of land, and the comparables were all between 20 and 30 miles away. There was nothing noted in the report that would indicate that this was a unique property; the report stated only that the search was extended over 10 miles due to the limited availability of sales. The sales used were from different counties and one was from out of state, yet there were no adjustments for location. Mr. Jones and his supervisor appraised a property located in Hayesville, North Carolina as of September 1, 2004, finding a value of \$400,000. The subject property is a 2,223 square foot restaurant. Mr. Jones did not develop an income approach, but did not discuss departure in the appraisal report. The cost approach shows only a value of \$73.00 per foot, \$55,574 of depreciation, \$20,000 of site improvements and a lot value of \$175,000. This gives an indicated value of \$306,151. The sales comparison approach shows no adjustments, just five sales ranging between \$300,000 and \$450,000, even though there are extensive differences between the subject and the sales. Although the comments state that Sales 1 and 3 are the best sales, they sold for \$300,000 and \$340,000 and the value by sales comparison was \$400,000. The report contains little explanation or support for the cost and sales comparison approaches that are developed within the report. Mr. Jones is a trainee. His supervisor has surrendered his certification.

Merrell Kanipe T2152 (Morganton)—By consent, the Board issued an inactive suspension to Ms. Kanipe and ordered her to take a course in appraiser liability by May 1, 2006. The Board found that Ms. Kanipe, while working under the supervision of a licensed residential real estate appraiser, performed at least six appraisals of properties located in Forest City, North Carolina. Two of those appraisals were of the same property,

Disciplinary Actions

which was located at 314 Old Castle Lane. The first appraisal was done in 2002 and the second was done in 2003. In the first report of that property, the appraisal stated that the subject had 1,490 square feet, and Ms. Kanipe appraised it for \$99,800. In the second report, Ms. Kanipe said that the owners had added a room, and the property now contained 1,695 square feet. The property was appraised for \$93,300. The sales used in both reports were in superior locations, with no adjustment made for location. The other four properties were of properties all located in the same neighborhood. They were very similar in amenities and appraised for similar amounts. The same comparables were used for all of these properties. Three of these four appraisals were completed for the same owner and were completed on the same day. On three of these reports, Ms. Kanipe used the same comparable sales, which were from areas that were superior to the subject. No location adjustments were made. Other adjustments were made that were inadequate or unsupported. Ms. Kanipe's supervisor did not accompany her on the inspections of these properties, although the appraisal reports all indicated that she had. The supervisor has since surrendered her license to the Appraisal Board after admitting that she should not have done assignments in that market.

Craig O. Lett A3606 (Greensboro)—By consent, the Board suspended Mr. Lett's residential certification for a period of six months. The suspension is stayed until October 1, 2006. If Mr. Lett completes a course in scope of work and a course in appraiser liability by that date, the suspension shall be inactive. The Board found that Mr. Lett and a trainee appraised a property located in Winston-Salem, North Carolina effective October 4, 2002, finding an estimate of value of \$75,000. Mr. Lett did not inspect the subject property. The subject property sold for \$26,000 on October 2, 2002, but the transfer was not reflected in the tax office on the date of the appraisal and Mr. Lett did not note it in the appraisal. It had been listed for sale continuously since November 1998 for various prices, and MLS records indicated it was listed for \$39,900 on the effective date of the appraisal. Mr. Lett did not report this fact in the appraisal report. The property sold on November 6, 2002 for \$75,000. The subject tract was subject to a Deed of Easement and Encroachment Agreement recorded in the county register of deeds, but Mr. Lett did not note this fact in the report. The subject had just been remodeled when Mr. Lett completed the appraisal. Renovations included replacement of several floor joists, new interior partitions with doors, new wiring, plumbing, electrical, floor coverings, interior paint and a new roof. Mr. Lett made an inadequate description of the improvements in the report of these upgrades and improvements. The appraisal stated that the 90-year-old subject was "newly constructed" and gave it an effective age of 45 years. Sales of similar properties in the subject market ranged from \$20,000 to \$90,000, with the higher sales prices reported for homes that had recently undergone remodeling.

Justin Loeback A5380 (Raleigh)—By consent, the Board suspended Mr. Loeback's residential certification for a period of three months. If Mr. Loeback completes a course in sales comparison and a course in appraiser liability, the suspension will be inactive. The Board found that Mr. Loeback appraised a property located in Durham, North Carolina in July 2005, finding an estimate of value of \$340,000. The subject is a 12-year-old 2-story frame dwelling that contains approximately 3,103 SF of living area. It has had substantial upgrades and updates. It is the largest and best property in its subdivision and thus at the upper end of the value range in that area. Mr. Loeback used three sales in his report. Although all three sales were located within 5 blocks of the subject property, they were located in superior subdivisions and were superior in age, size and amenity appeal to the subject. Mr. Loeback made small adjustments to each sale for quality of construction and made a small adjustment to only one sale for location. He failed to make appropriate adjustments for the differences between his sales and the subject property. There were only two sales in the subject subdivision within a year of the effective date of the appraisal. Both would

have required substantial adjustments, but would have led to the lower value for the subject property.

B. Chad McDonald A4053 (Fayetteville)—By consent, the Board suspended Mr. McDonald's residential certification for a period of one year. The first six months of the suspension shall be active and the rest stayed until October 1, 2006. If Mr. McDonald takes courses in sales comparison course and appraiser liability, the remainder of the suspension shall be inactive. The complaint involved two appraisal of properties located in Fayetteville, NC. The Board found that in the first appraisal, Mr. McDonald appraised the property on February 28, 2003, and arrived at an estimated value of \$54,000. Mr. McDonald stated in his report that the subject sold in February 2003 for \$35,000 when in fact the subject had transferred on January 29, 2003 for \$29,000, on March 19, 2003 for \$28,000, and on April 4, 2003 for \$45,000. The subject was listed for \$29,900 at the time of the appraisal, but the listing was not reported or analyzed in the report. The current owner stated in the report was also incorrect. The second appraisal was dated March 18, 2003, and arrived at an estimated value of \$90,000. Mr. McDonald stated in the report that the subject sold in February 2003 for \$61,900, when in fact it had transferred on February 13, 2003 for \$67,000. The subject was listed for \$61,900 at the time of the appraisal, but the listing was not reported or analyzed in the report.

In both appraisals, there were sales in the area that would have supported a lower value for the properties.

Ricky McClure A1265 (Asheville)—By consent, the Board suspended Mr. McClure's residential certification for a period of six months. If he completes courses in scope of work, appraiser liability and small income producing properties by November 1, 2006, the suspension will be inactive. The Board found that Mr. McClure appraised a property located in Lake Junaluska, North Carolina as of November 3, 2004 and estimated a value of \$185,000. The subject property consists of two stone cottages that were 56 years old at the time of the subject report. Each building contains approximately 720 square feet. Although Mr. McClure noted on page 1 of the appraisal that the subject property consists of 2 detached units each with 720 square feet, he combined the gross living areas from both dwellings to indicate that the subject contains 1,440 square feet. Mr. McClure combined the gross living areas again within his cost approach creating a cost estimate based upon 1,440 as opposed to two dwellings with 720 square feet each. The addendum within the subject report indicates photos of two separate dwellings. However, only one dwelling sketch is shown within the report indicating 720 square feet. Mr. McClure compared the subject property to 3 single-family dwellings. Comparable Sales 2 and 3 are comprised of 2 separate but attached living units; however, none of the comparable sales are physically configured similar to the subject property. The subject property is located directly behind an adjacent parcel that fronts Lakeshore Drive. Although the property had no apparent access to the road, it did have a legal right of way across the adjacent property. Although the subject property was rented on a seasonal basis and was in an area of rental housing, Mr. McClure did not use the income approach to value in his appraisal.

Stephanie McIntyre A5644 (Archdale)—By consent, the Board suspended Ms. McIntyre's residential license for a period of one month. The suspension is stayed until October 31, 2006. If Ms. McIntyre completes a course in sales comparison by that date, the suspension shall be inactive. The Board found that Ms. McIntyre appraised two properties located in Winston-Salem, North Carolina. The first was of a property located on Woodvale Street. Ms. McIntyre appraised this property in March 9, 2005, finding an estimate of value of \$85,000. The subject is a 52-year-old ranch style dwelling containing 912 square feet. It was under contract for \$83,000 on the effective date of the appraisal. The subject had sold out of foreclosure in August 2004 for \$53,000 and in November 2004 for \$54,000. Although the appraisal form indicated that the property had not sold in the last 36 months, an addendum to the report states that the sub-

ject sold previously for \$54,000 in November 2004. No mention was made of the August 2004 sale. Ms. McIntyre and reviewer both indicate that the subject has had repairs and updates. Ms. McIntyre used six sales in her report. She failed to adjust two sales for size differences, and adjusted for only half of the sales concessions to 4 of the sales. The second property was located on Alpine Road. Ms. McIntyre first appraised this property in February 2005, finding an estimate of value of \$170,000. The subject property is a 43 year old ranch style dwelling containing a reported 1,524 square feet with a 1,236 square foot partially finished basement. She appraised the property again in March 2005 indicating the same value. The report contained numerous errors, such as incorrect map references, and the built-up rating does not match the total land use percentages in the neighborhood section. There are discrepancies from the first page of the report to the second page. Ms. McIntyre had corrected the report but erroneously sent the uncorrected copy to the client. The March 2005 report reflected the corrected report. She used three comparables in her report that were all located in a neighborhood that has better appeal than the subject's neighborhood, yet she failed to make adjustments for this difference. On both of the above appraisal reports, Ms. McIntyre performed the income approach and included an estimated market rent and gross rent multiplier, but failed to keep a copy of the operating income statements and comparable rent schedules in her work file.

Eugene Meyer A4777 (Holly Springs)—By consent, the Board suspended Mr. Meyer's residential certification for a period of 6 months. The first month of the suspension is active and the remainder is stayed until June 1, 2006. If Mr. Meyer completes a course in sales comparison by that date, the remainder of the suspension will be inactive. The Board found that Mr. Meyer appraised a property located in Fuquay-Varina, North Carolina in June 2004, finding an estimate of value of \$250,000. The appraisal was performed "as is." The subject is a one-story ranch style home situated on a 5.44-acre rural site. A railroad easement is located between the subject's road frontage and dwelling. The subject's driveway crosses over railroad tracks to access the property and the subject's dwelling is within 100 to 150 feet of the railroad tracks. Mr. Meyer indicated a site value of \$56,000 in his Cost Approach. He used three comparable home sales in his sales comparison. All of these sales were located in Neill's Creek Farms in Angier, NC. Neill's Creek Farms is a horse community with many amenities; there are restrictive covenants for the community, and homeowner dues are assessed. Although the sales were located in a subdivision that has larger, more expensive homes than the subject in it, Mr. Meyer failed to make appropriate adjustments to his sales for their superior location. He adjusted all three of these sales up \$5000 for superior view, which he stated was for the existence of the railroad tracks in the subject's front yard. There were other sales available that were closer in size, appeal and more similar to the subject property than the sales used in the appraisal. Those sales could have led to a lower value for the subject property.

Kathy Milligan T2669 (Gerton)—By consent, the Board suspended Ms. Milligan's trainee registration for a period of six months. If Ms. Milligan completes courses in scope of work and sales comparison, the suspension will be inactive. The Board found that Ms. Milligan appraised a property located in Arden, North Carolina as of October 30, 2002, indicating a value of \$182,200. The appraisal was performed "subject to completion per plans and specifications." The subject property is a one-story on-frame modular dwelling containing 1,836 square feet. It is located in a subdivision on a 0.52-acre site. The subject appears to be the largest and highest priced home in the neighborhood. Ms. Milligan used four sales in her report. Although all of her sales were site built homes of superior quality that were located in areas of higher land values, she made no quality or location adjustments on any of the sales. There were several other modular home sales in the area that were more similar to the subject. These sales would have supported a lower value for the subject property. Ms.

Disciplinary Actions

Milligan is a trainee. Her supervisor has surrendered his certification to the Appraisal Board, and Ms. Milligan is now working for a different supervisor.

Charles Monk A4956 (Charlotte)—By consent, the Board suspended Mr. Monk's residential certification for a period of six months. The suspension will be complete the courses by July 1, 2006, the suspension will become active on that date. The Board found that Mr. Monk appraised a property located in Lincolnton, North Carolina as of August 15, 2005 with an estimated value of \$156,000. The subject property is a new off-frame ranch style modular home containing 1,555 square feet on a 0.46-acre site. Mr. Monk used five sales in his report. His first two sales were site built homes and his other three sales were of modular construction. His first comparable sale was a site built house located next door to the subject property that sold for \$136,900. His second comparable sale is also a site built house that sold for \$140,000 on May 5, 2005. This property had 440 square feet of unfinished basement and two-car garage. His third comparable sale is a new modular located in an adjacent subdivision; it sold for \$135,500. The fourth comparable sale is a 3-year-old modular home containing 2,072 square feet and a double attached garage that sold for \$185,000. This property also has 1,100 square feet of unfinished second level that Mr. Monk did not adjust for or mention. His fifth comparable sale is a 6-year-old modular home containing 2,038 square feet. The MLS stated that this property was listed for \$168,850 and sold for \$195,000. In fact, the property that was listed on the MLS sold for \$155,000. When the property sold, it was combined with the sale of an adjoining parcel that was improved with a barn and a manufactured home. Mr. Monk used the sales price of \$195,000, and did not verify the sale. The first three sales are close in proximity, most similar in size, have the least amount of adjustments and have adjusted values of \$142,900, \$145,200 and \$143,300. The report states that the fourth and fifth sales were more reflective of the subject in design, appeal, quality, amenities, situation and circumstance, yet they were located further in distance, have larger sites and are larger homes with greater adjustments made. There were other sales available that were similar to the subject that sold between \$134,850 and \$143,000.

Lewis C. Neal, Jr. A5253 (Greensboro)—By consent, the Board suspended Mr. Neal's residential certification for a period of six months. The suspension is stayed until October 1, 2006. If Mr. Neal completes a course in scope of work and a course in appraiser liability by that date, the suspension shall be inactive. The Board found that Mr. Neal and another appraiser appraised a property located in Winston-Salem, North Carolina effective October 4, 2002, finding an estimate of value of \$75,000. Mr. Neal was a trainee at the time the report was prepared. His supervisor did not inspect the subject property. The subject property sold for \$26,000 on October 2, 2002, but the transfer was not reflected in the tax office on the date of the appraisal and Mr. Neal did not note it in the appraisal. It had been listed for sale continuously since November 1998 for various prices, and MLS records indicated it was listed for \$39,900 on the effective date of the appraisal. Mr. Neal did not report this fact in the appraisal report. The property sold on November 6, 2002 for \$75,000. The subject tract was subject to a Deed of Easement and Encroachment Agreement recorded in the county register of deeds, but Mr. Neal did not note this fact in the report. The subject had just been remodeled when Mr. Neal completed the appraisal. Renovations included replacement of several floor joists, new interior partitions with doors, new wiring, plumbing, electrical, floor coverings, interior paint and a new roof. Mr. Neal made an inadequate description of the improvements in the report of these upgrades and improvements. The appraisal stated that the 90-year-old subject was "newly constructed" and gave it an effective age of 45 years. Sales of similar properties in the subject market ranged from \$20,000 to \$90,000, with the higher sales prices reported for homes that had recently undergone remodeling.

B. Dean Nixon, Jr. A4367 (West Jefferson)—By consent, the Board suspended Mr. Nixon's residential certification for a period of 3 months. The suspension is stayed until July 1, 2006. If Mr. Nixon completes both a course in sales comparison and a course in appraiser liability by that date, the suspension will be inactive. The Board found that Mr. Nixon and another appraiser appraised a property located in North Wilkesboro, North Carolina in January 2003, finding an estimate of value of \$88,000. The appraisal was performed "as is." The report indicates a sales price of \$88,000; however, an order form in the work file indicates a sales price, estimated value and loan amount of \$75,000. There was no contract in the work file. The appraisal report states that the site contains 3 +/- acres. An addendum attached to the report states that an additional 2.1 acres is being purchased. The subject site actually contains 0.42 acre and a dwelling. Mr. Nixon used the tax card information and an additional 2.1 acres to the rear of the site in the report. He used three sales in the report. While there were few sales available, the sales used should have been adjusted down for location differences.

Raymond Ray Noland, Jr. A5179 (Hiawassee, Georgia)—By consent, the Board accepted the voluntary surrender of Mr. Noland's residential certification.

Hoyle Penegar A1523 (Monroe)—Following a hearing, the Board suspended Mr. Penegar's residential certification. His certification will be returned to him once he completes the following courses: R-1, R-2, R-3, G-1, G-2, G-3, the 15-hour National USPAP course, condemnation appraising, and appraiser liability. The Board found that Mr. Penegar appraised a property located in Waxhaw, North Carolina in April 2004 for the acquisition of an easement over the subject property. The subject property consists of a one-story brick dwelling on a 1.02-acre site. In 2002, Union County had taken a portion of the subject to upgrade the existing sewer line from a combination septic/sewer system to a gravity line system. The subject site already contained an existing sewer easement along the same area as the taking. Mr. Penegar's client was the attorney for the property owner, who was objecting to the amount of damages offered by the County for the taking. Mr. Penegar's report contained a site analysis of the subject site using three land sales that indicated a lot value of \$38,900 as of April 19, 2004. He reported that analysis on a Land Appraisal Report form, and stated on that form that the instructions to the appraiser were to "estimate market value." His analysis of the land value is not in question. A separate page attached to the report contains his summary of damages from the take. This page states that the value of the entire subject property as of April 19, 2004 is \$160,000. There is no indication in the appraisal report where he obtained that figure. Also on that page in the report, Mr. Penegar values the 4319 square foot right of way taken at \$87.55 a square foot for a total of \$3781. He states that the damage estimate is 10%, or \$16,000, the cost to replace the driveway is \$5660 and the cost to replace the fence and landscaping is \$2400. The total damage to the property from the taking was stated as \$22,181.

Mr. Penegar's report does not state the reporting option used. It provides an analysis only of the site. There is no description of the dwelling or the taking in the report. He used an appraisal performed by another appraiser as the basis for the \$160,000 valuation of the entire subject. Although he did not refer to or include a copy of that appraisal in his report, he did have a copy of it in his work file. That report was performed in November 2002. The taking consisted of a 20-foot permanent easement running along the boundary of the subject, containing 4319 square feet. Public records indicate that in 1982 there was a permanent easement granted in the same location as the new easement. Mr. Penegar stated on the land appraisal report that there were no known easements on the subject property. He stated a damage estimate of 10% in the report but provided no discussion or support for the damages in his report. The report also has no discussion of where the dwelling, damages or fence/landscaping and driveway figures were obtained. The appraisal report did not contain sufficient information for intended users to understand the report. The report did not state any intended users, the

intended use, or the purpose of the appraisal. It did not summarize information sufficient to identify the real estate involved, nor did it summarize sufficient information to disclose the scope of work used to develop the appraisal. The report also did not summarize the information analyzed, the appraisal procedures followed or the reasoning that supported the analyses, opinions and conclusions. While performing the appraisal assignment, Mr. Penegar felt sorry for the property owner and believed that the County was taking advantage of him. Those feelings swayed his opinion regarding the value of the taking. As a result, he did not act in an impartial manner when performing the assignment.

Beth H. Saine A2410 (Lincolnton)—By consent, the Board suspended Ms. Saine's residential certification for a period of one month. The suspension is stayed until October 1, 2006. If she completes a course in sales comparison and a course in appraiser liability by that date, the suspension will be inactive. The Board found that Ms. Saine appraised a property located in Cherryville, North Carolina in February 2003, finding an estimate of value of \$147,800. The subject property consisted of a single-family ranch style brick dwelling with 1,465 square feet of gross living area and a detached 1-car garage and gazebo. The site contains 2.04 acres. Ms. Saine used three sales in her appraisal that were superior to the subject property. She failed to make appropriate adjustments for the differences. There were few sales in the subject area within one year of the report, but the sales that were available would have indicated a lower value for the subject property.

Lowrance M. Smith A2069 (Asheville)—By consent, the Board suspended Mr. Smith's general certification for a period of 6 months. The suspension is stayed until January 31, 2007. If Mr. Smith completes a course in appraiser liability by that date, the suspension will be inactive. Mr. Smith also agreed to surrender his general certification. He will immediately be issued a residential certification. The Board found that Mr. Smith and another appraiser appraised a property located in Asheville, North Carolina as of November 19, 2004 indicating a value of \$1,025,000. The subject property is a 0.86-acre site improved with a 5,049 square foot building constructed in 1976 and currently occupied as a medical office. Mr. Smith used three approaches to value in their analysis. In the Cost Approach, he used five sales in the land value analysis. The three sales were actually purchases of more than one tract. Although each contained improvements at the time of the sale, there was no mention of the improvements and large adjustments were taken for functional utility with no explanation. Another sale is a 6,098 square foot site, and Mr. Smith adjusted this sale down 10% for functional utility with no explanation of the adjustment. The fifth sale involved the purchase of approximately 4.04 acres with buildings that have subsequently been removed from the site. There is no explanation in the report that the site was larger than indicated and no explanation for the functional utility adjustment. There were sales of vacant sites that were more similar in size and would have required fewer adjustments than those used in the report. In the Cost Approach, Mr. Smith indicates the subject's lot value to be \$15.50 per square foot or \$675,180. The lot size is shown as 37,462 square feet, which would calculate to \$580,661 rather than \$675,180. The total value shown by the Cost Approach in the report was \$1,029,396. Mr. Smith used three improved sales in the Sales Comparison Approach. He extracted out the building value of one of the sales with no explanation as to how the building value was extracted in the report. In his Income Approach, Mr. Smith used estimated figures with no real support or explanation. All three of the approaches produced value results that are not credible either due to flawed data, poor methodology or lack of support. The other appraiser who signed the report was formerly employed in Mr. Smith's office. The client initially contacted Mr. Smith to do the report but he subcontracted the appraisal to the other appraiser. Mr. Smith reviewed the report; he did not have the entire work file but only the report. Based on the report, he felt it was in line and signed it.

Disciplinary Actions

William Vaughan, Jr. A4510 (Greensboro)—By consent, the Board issued a reprimand to Mr. Vaughan and required him to take a course in appraiser liability. The Board found that Mr. Vaughan appraised a property located in Winston-Salem, NC in March, April and May of 2005, finding an appraised value of \$650,000 on all three reports. On the first appraisal, Mr. Vaughan stated an incorrect owner in the report. He stated the correct owner on the second and third appraisals. The subject had been listed for sale in the MLS for \$519,000 since September 2003 until the effective date of the report, although in November 2003 the owner of the subject entered into a lease/purchase agreement to sell the property for \$519,000. Mr. Vaughan did not address either the listing or the lease purchase agreement in any of the appraisal reports.

Henry M. Watts A301 (Greensboro)—By consent, the Board issued a reprimand to Mr. Watts. Mr. Watts also agreed to complete a course in scope of work by October 1, 2006. If he fails to complete the course, the reprimand will be vacated and a one-month active suspension imposed on that date. The Board found that Mr. Watts appraised a property located in Winston-Salem, North Carolina in April 2001, finding an estimate of value of \$840,000. The appraisal was done for the property owner in a condemnation action brought by the city. The subject is a 16-acre tract of vacant land that is zoned RM-18. There is a 34,600 square feet cellular tower site and a utility easement located upon the property. There are low-lying areas on the subject that may be unsuitable for development. Mr. Watts stated in the report that the highest and best use for the property was the development of subsidized non-owner occupied multifamily housing units. The report was based on using the full 16 acres of the property to support 300 units, at \$2,800 per unit. Since the property had a cellular tower and utility easements on it, the actual usable land was much less, although the actual number of allowable multifamily units that could be constructed on the subject was unknown as of the effective date of the subject report. The decision to characterize the entire site as being physically able to support 300 units regardless of the topography was an extraordinary assumption that was not disclosed within the report. Mr. Watts' client instructed him to ignore the cellular site and other issues and to consider the entire square footage in his calculation of usable area, but Mr. Watts did not disclose this hypothetical condition in the report. There were sales in the market area that supported his price per unit.

Wanda Whitfield A3417 (Fayetteville)—By consent, the Board suspended Ms. Whitfield's residential certification for a period of six months. The suspension is stayed until October 1, 2006. If Ms. Whitfield completes a course in scope of work and a course in tough appraisal assignments by that date, the suspension shall be inactive. The Board found that Ms. Whitfield and a trainee under her supervision appraised a property located in Fayetteville, North Carolina in October 2005, finding an estimate of value of \$367,000. The subject was under contract for \$380,000 on the effective date of the report. The subject had transferred through foreclosure one month before the report for \$248,500, which was noted in the report. Several improvements had been made to the subject since the sale. The subject is located on a small cul-de-sac that backs up to a city power substation and water tower. Ms. Whitfield used three sales in the report that were all superior to the subject in quality of construction and appeal, yet she did not make any adjustments for these differences. Had she made appropriate adjustments to the sales, the estimate of value would have been lower.

Randolph York A2392 (Greensboro)—By consent, the Board suspended Mr. York's residential license for a period of three months. If Mr. York completes a course in sales comparison by June 1, 2006, the suspension shall be inactive. The Board found that in May 2004, Mr. York appraised a property located in Reidsville, North Carolina, finding an estimate of value of \$170,000. The subject is a 3-year-old one story frame modular home containing 2,184 square feet and located on a 6.89-acre site. The subject property was foreclosed on August 6, 2003, and sold at auction one day prior to the effective date of the report for a total auction sales price of \$73,500. Mr. York's work file contains a copy of the tax card pulled on the effective date of the report, which did not indicate the change in ownership from the foreclosure sale. Mr. York used three sales in his sales comparison approach that ranged in sales price from \$153,000 to \$188,000, with adjusted prices of \$165,700 to \$172,200. The first two sales were of modular homes. He made a positive \$6,000 adjustment for inferior condition on his first sale that does not appear warranted. Although his second sale was located in a restricted subdivision of site built homes, Mr. York made no quality adjustment. The third sale was a site built home with custom quality features including hardwood and ceramic tile flooring, vaulted and trey ceilings and a brick exterior. Mr. York made a negative \$10,000 quality adjustment for the brick exterior that is too low. He also made a positive \$4,000 adjustment for

inferior condition on this sale that did not appear warranted. There were few sales of modular homes in the subject area. One additional similar sale was found that sold on January 30, 2004 for \$150,000 after being on the market for 249 days. This sale was a modular home that contained 2,225 square feet with a detached garage on 3.8 acres. By failing to use this sale, and by failing to make appropriate adjustments to the sales he used, Mr. York over valued the subject property.

Continuing Education Reminder

The current two-year continuing education cycle runs July 1, 2005 - June 1, 2007. In order to renew your registration, license or certificate, continuing education must be completed by June 1, 2007. Board Rule 57A.0204 (b) requires trainees, licensees and certificate holders to complete their continuing education courses by June 1st of odd-numbered years. The continuing education requirement in odd-numbered years is 28 hours with 7 of the 28 hours being the National USPAP course. Please keep in mind that you may complete up to 14 hours of approved online continuing education per 2-year continuing education cycle. Registered trainees who were initially registered with the Board after January 1 of an odd numbered year will not be required to show continuing education credit for renewal of their registration in that odd numbered year. Appraisers residing outside of North Carolina who are licensed or certified by reciprocity must submit an original letter of good standing from their resident state along with their renewal. The 7-hour National Uniform Standards of Professional Appraisal Practice (USPAP) update course may be taken once for each edition of USPAP.

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